Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1996

LERMER GERMANY GMBH
and LERMER USA, INC.,

Petitioners,

v.

LERMER CORPORATION, WILLI LERMER,
ROLF SCHWYN and ROLF GARDEY,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

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71 pp

QUESTIONS PRESENTED

1. Does 28 U.S.C. § 1292(a)(1) fail to confer upon a Court of Appeals jurisdiction over an appeal from an interlocutory order denying a permanent injunction?

2. Does 28 U.S.C. § 1292(a)(1) fail to confer upon a Court of Appeals jurisdiction over an appeal from an interlocutory order denying a preliminary injunction simply because the movant did not explicitly request a preliminary injunction, even though the District Court's Opinion makes it clear that the court denied the preliminary injunction on the merits?

PARTIES TO THE PROCEEDING AND DESIGNATION OF CORPORATE RELATIONSHIP

The parties to this proceeding on *Petition for Writ of Certiorari* are:

Petitioners:

(Plaintiffs in the District Court and Appellants in the United States Court of Appeals for the Federal Circuit):

LERMER GERMANY GMBH
LERMER USA, INC.

Respondents:

(Defendants in the District Court and Appellees in the United States Court of Appeals for the Federal Circuit):

LERMER CORPORATION
WILLI LERMER
ROLF SCHWYN

Petitioners Lermer Germany GmbH and Lermer USA, Inc. are each subsidiaries of Driessen Aircraft Holding B.V. Neither petitioner has any subsidiary companies.

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PETITION FOR WRIT OF CERTIORARI

Petitioners Lermer Germany GmbH and Lermer USA, Inc. (hereinafter referred to as "plaintiffs") respectfully pray that a writ of certiorari issue to review the decision of the United States Court of Appeals for

the Federal Circuit entered in this proceeding on September 5, 1996, in order to resolve the conflict between the Federal Circuit and other Circuits on the important issues presented herein.

OPINIONS BELOW

The Opinion of the United States Court of Appeals for the Federal Circuit that gives rise to this petition is reported at 94 F.3d 1575 (1996). It is reprinted in Appendix A hereto ("App. A") at page A-1. The said Opinion dismissed plaintiffs' appeal from the Opinion and Order of the United States District Court for the District of New Jersey dated May 19, 1995, App. B, A-9, and the Order of the same District Court denying plaintiffs' motion for reargument, App. C, A-28. The District Court's Opinion and Orders have not been officially reported.

STATEMENT OF JURISDICTION

On May 19, 1995, the United States District Court for the District of New Jersey issued an Opinion and Order denying the parties' cross-motions for summary judgment and injunctive relief. Plaintiffs' motion for reargument was denied by the District Court in an Order dated July 3, 1995.

Plaintiffs timely appealed to the Federal Circuit, which dismissed the appeal for lack of appellate jurisdiction in an Opinion filed on September 5, 1996. Pursuant to Supreme Court Rule 13.1, this petition has been filed within 90 days of the entry of the judgment of the Federal Circuit.

The jurisdiction of the Court is invoked pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

28 U.S.C. §§ 1292(a)(1) and (c)(1) provide:

(a) Except as provided in subsections (c) and (d) of this section, the courts of appeals shall have jurisdiction of appeals from:

(1) Interlocutory orders of the district courts of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, and the District Court of the Virgin

Islands, or of the judges thereof, granting, continuing, modifying, refusing or dissolving injunctions, or refusing to dissolve or modify injunctions, except where a direct review may be had in the Supreme Court. . . .

* * *

(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

(1) of an appeal from an interlocutory order or decree described in subsection (a) or (b) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title. . . .

STATEMENT OF THE CASE

This action was originally commenced in the United States District Court for the District of New Jersey. The complaint alleged various claims against defendants including, *inter alia*, common law trademark infringement, patent infringement, misappropriation of trade secrets and unfair competition. Subject matter jurisdiction in the District Court was pursuant to 28 U.S.C. § 1338, 28 U.S.C. § 1331 and 28 U.S.C. § 1367. In their answer, defendants denied the material allegations of the complaint and asserted various affirmative defenses and counterclaims, including a counterclaim for common law trademark infringement. After extensive

discovery, plaintiffs moved for partial summary judgment and injunctive relief with respect to the parties' respective claims of trademark infringement, and defendants cross-moved for similar relief.

In an Opinion and Order dated May 19, 1995, the District Court (Thompson, C.J.) denied both parties' motions. (A-9 to A-27.) Plaintiffs moved for reargument, but that motion was denied by the District Court in an Order dated July 3, 1995. (A-28 to A-30.) Plaintiffs appealed these Orders to the Court of Appeals for the Federal Circuit, pursuant to 28 U.S.C. §§ 1292(a)(1) and 1292(c)(1), on the grounds that it was an appeal of an interlocutory order refusing an injunction in a case over which that court would have jurisdiction of an appeal under 28 U.S.C. § 1285 (namely, a case involving, *inter alia*, a patent claim). The Federal Circuit dismissed the appeal in an Opinion dated September 5, 1996 (Bryson, J.) because it concluded that it did not have jurisdiction to review the District Court's Orders. (A-1 to A-8.)

The facts relevant to plaintiffs' common law trademark infringement claim were not disputed. Defendants admitted the following: (1) the Lermer name has acquired secondary meaning; (2) plaintiffs and defendants are using the "Lermer" trademark in interstate commerce to designate their businesses and products; and (3) simultaneous use of the trademark by plaintiffs and defendants is likely to cause confusion in the market. Defendants not only did not dispute these

facts, they asserted the very same facts as the basis for their counterclaim for trademark infringement. The only issue in controversy was whether plaintiffs or defendants own the mark.

The District Court noted that both parties conceded the validity of the trademark and the likelihood of confusion, and recognized that ownership of the mark was the critical issue. (A-16.) In denying injunctive relief, the District Court stated that "[b]oth plaintiffs and defendants have presented compelling legal arguments and factual allegations which indicate ownership of the Lermer name." (A-25.) The District Court indicated that "ambiguities prevent the Court from determining which party has a reasonable probability of success on the merits" and, therefore, denied both parties' applications for injunctive relief, as well as for summary judgment. (A-26 to A-27.)

The Federal Circuit dismissed plaintiffs' appeal for two reasons. First, while acknowledging that plaintiffs explicitly moved in the District Court for a permanent injunction, as well as summary judgment, the Federal Circuit held:

> To the extent that [plaintiffs] argue that their request for a permanent injunction is sufficient, standing alone, to invoke this court's appellate jurisdiction, their argument flies directly in the face of the Supreme Court's decision in *Switzerland*

> *Cheese [Ass'n v. E. Horne's Market, Inc.*, 385 U.S. 23 (1966)]. (A-6.)

Second, although the District Court stated in its Opinion that "[p]laintiffs and defendants also seek injunctive relief pursuant to Fed. R. Civ. P. 65(d)" (A-9) and devoted an entire section of its Opinion to its reasons for denying a preliminary injunction (A-25 to A-26), the Court of Appeals found that "the plaintiffs did not request preliminary injunctive relief" (A-5) and held that

> for this court to have jurisdiction over an appeal from an order denying a preliminary injunction, the district court's order must have been entered in response to a request by the appealing party. (A-6.)

Moreover, the Court of Appeals refused to construe the plaintiffs' request for a permanent injunction as incorporating a request for a preliminary injunction (A-6 to A-7), even though plaintiffs' notice of motion requested "such other and further relief as the Court may deem just and proper."

REASONS FOR GRANTING THE WRIT

This case raises important questions regarding the power of a Court of Appeals to decline to exercise the appellate jurisdiction conferred by Congress in contravention of the clear and unambiguous language of a federal statute which plays a critical role in the operation of the federal court system. This case also presents a conflict of authority between the Federal Circuit and the other Courts of Appeals regarding the proper interpretation and application of that statute. Because of the importance of these issues to the operation of the federal courts and to the separation of powers, a writ of certiorari is appropriate in this case.

As this Court has noted, the principal purpose of certiorari jurisdiction is to resolve splits of authority among the Courts of Appeals. *See, e.g., Braxton v. United States*, 500 U.S. 344 (1991). With its decision on this appeal, the Federal Circuit has put itself in conflict with decisions of other Courts of Appeals on two fronts: first, contrary to numerous decisions in other Circuits, the Federal Circuit ruled that the denial of a permanent injunction is not immediately appealable under Section 1292(a)(1) (A-6); and second, the Federal Circuit held, again contrary to decisions in other Circuits, that it did not have jurisdiction over an appeal from an Order clearly denying a preliminary injunction because the appellant had not ***explicitly requested*** preliminary injunctive relief (A-6).

The split of authority in the Circuits here is particularly worthy of this Court's attention because it involves the proper construction and application of a federal statute. As this Court has noted on many occasions, in enacting Section 1292(a)(1) Congress intended to provide a limited exception to the federal policy against piecemeal appeals. *See Carson v. American Brands, Inc.*, 450 U.S. 79, 84 (1981); *Gardner v. Westinghouse Broadcasting Co.*, 437 U.S. 478, 480 (1978); *see generally Curtiss-Wright Corp. v. General Elec. Co.*, 446 U.S. 1, 8 (1980); *Pacific Union Conference of Seventh-Day Adventists v. Marshall*, 434 U.S. 1305, 1309 (1977). The importance of this federal policy demands that this exception be interpreted consistently throughout the federal court system, yet inconsistent interpretations and applications of Section 1292(a)(1) in different Circuits undermine the very uniformity Congress was seeking in enacting this provision.

Inconsistency in the application of this statute is especially troubling in light of the frequency with which it is applied. In the past three years alone, more than 270 decisions have been issued by the Courts of Appeals construing Section 1292(a)(1) in the context of injunctions. Moreover, since the Federal Circuit has exclusive jurisdiction over appeals in all cases involving patent claims, even if as here other types of claims such as trademark infringement are also involved, the misapplication of this provision by the Federal Circuit

creates a situation of particular urgency requiring this Court's attention.

Historically, this Court has consistently recognized that issues regarding the proper scope of jurisdiction of the federal courts warrant its attention and review. *See, e.g., Tidewater Oil Co. v. United States*, 409 U.S. 151 (1972); *Yellow Freight Sys., Inc. v. Donnelly*, 494 U.S. 820 (1990); *Cory v. White*, 457 U.S. 85 (1982); *Gulf Offshore Co. v. Mobil Oil Corp.*, 453 U.S. 473 (1981); *Executive Jet Aviation, Inc. v. City of Cleveland*, 409 U.S. 249 (1972); *Arizona v. Manypenny*, 451 U.S. 232 (1981). This Court has also specifically recognized the importance of resolving issues regarding the scope of the federal appellate jurisdiction conferred by Congress in Section 1292. *See, e.g., Carson v. American Brands, Inc.*, 450 U.S. 79 (1981); *Gardner v. Westinghouse Broadcasting Co.*, 437 U.S. 478 (1978); *United States v. Ryan*, 402 U.S. 530 (1971); *Switzerland Cheese Ass'n, Inc. v. E. Horne's Market, Inc.*, 385 U.S. 23 (1966).

In Section 1292(a)(1), Congress has clearly conferred appellate jurisdiction on the Courts of Appeals with respect to interlocutory orders granting or denying injunctive relief. This Court has repeatedly observed that Courts of Appeals are not entitled to judicially modify the appellate jurisdiction conferred by Congress in Sections 1291 and 1292. *See Baltimore Contractors, Inc. v. Bodinger*, 348 U.S. 176, 181 (1955) ("It is the responsibility of all courts to see that no

unauthorized extension ***or reduction*** of jurisdiction, direct or indirect, occurs in the federal system.") (emphasis added); *see also Coopers & Lybrand v. Livesay*, 437 U.S. 463, 476 n.28 (1978) (same); *see generally Argentine Republic v. Amerada Hess Shipping Corp.*, 488 U.S. 428, 433 (1989) ("We start from the settled proposition that the subject-matter jurisdiction of the lower federal courts is determined by Congress in the exact degrees and character which to Congress may seem proper for the public good.") (quotation omitted); *Snyder v. Harris*, 394 U.S. 332, 356 (1969). In this case, the Federal Circuit has done just that, by holding that it lacked jurisdiction over an Order which ***specifically*** denied an injunction.

The Federal Circuit has improperly amended Congress's jurisdictional grant by ruling that the denial of a permanent injunction does not qualify as immediately appealable and that a plaintiff must have expressly requested a preliminary injunction in order for the denial of a preliminary injunction to be immediately appealable. The first ruling simply ignores the unambiguous language of the statute, while the second grafts onto the statute an additional requirement not imposed by Congress.

This Court has recognized that the task of resolving a dispute over the meaning of statutory

language "begins where all such inquiries must begin: with the language of the statute itself" and that

> it is also where the inquiry should end, for where, as here, the statute's language is plain, "the sole function of the courts is to enforce it according to its terms."

United States v. Ron Pair Enters., 489 U.S. 235, 241 (1989) (quoting *Caminetti v. United States*, 242 U.S. 470, 485 (1917)). The Federal Circuit in this case has departed from the directives of this Court in its construction of Section 1292.

I. THE FEDERAL CIRCUIT'S RULING REGARDING THE APPEALABILITY OF AN ORDER EXPRESSLY DENYING A PERMANENT INJUNCTION IS AT ODDS WITH AUTHORITY FROM OTHER CIRCUITS

In its Opinion, the Federal Circuit conceded that plaintiffs requested permanent injunctive relief, yet stated:

> The plaintiffs argue that even if they did not explicitly request a preliminary injunction, their request for a permanent injunction is sufficient to satisfy the requirements of section 1292(a)(1). We

> disagree. To the extent that they argue that their request for a permanent injunction is sufficient, standing alone, to invoke this court's appellate jurisdiction, their argument flies directly in the face of the Supreme Court's decision in *Switzerland Cheese*. (A-6.)

This holding is contrary to the decisions of every other Court of Appeals to address the question of whether an order denying a permanent injunction is immediately appealable under Section 1292(a)(1). Those decisions have recognized that, as more fully discussed *infra*, the statute refers to "injunctions" and makes no distinctions for purposes of appellate jurisdiction between preliminary and permanent injunctions.

For example, the Third Circuit (within which the District Court in this case is situated) has held that

> [b]ecause section 1292 covers ***all*** injunctive orders, determining whether this order is a preliminary injunction or a permanent injunction is not relevant to our inquiry. The order is in either event interlocutory.

Cohen v. Board of Trustees, 867 F.2d 1455, 1464 n.7 (3d Cir. 1989) (emphasis added).

Similarly, the Fifth Circuit has held that "the right to an interlocutory appeal does not depend on whether the injunction at issue is a permanent injunction or a preliminary injunction." *EEOC v. Kerrville Bus Co.*, 925 F.2d 129, 131 (5th Cir. 1991); *see also Sherri A.D. v. Kirby*, 975 F.2d 193, 202 (5th Cir. 1992) ("Whether the injunction is preliminary or permanent is immaterial for purposes of determining appellate jurisdiction under § 1292(a)(1).").

The other Circuits which have considered the issue are in concurrence that orders granting or denying permanent injunctions are immediately appealable under Section 1292(a)(1). *See, e.g., Petereit v. S.B. Thomas, Inc.*, 63 F.3d 1169, 1175 (2d Cir. 1995), *cert. denied*, 116 S. Ct. 1351 (U.S. 1996); *Sierra Club v. Glickman*, 67 F.3d 90, 94 (5th Cir. 1995); *Proctor & Gamble Co. v. Bankers Trust Co.*, 78 F.3d 219, 224 (6th Cir. 1996); *United States v. Hansen*, 795 F.2d 35, 38 (7th Cir. 1986); *Marathon Oil Co. v. United States*, 807 F.2d 759, 764 (9th Cir. 1986), *cert. denied*, 480 U.S. 940 (1987); *Tri-State Generation & Transmission Ass'n v. Shoshone River Power, Inc.*, 874 F.2d 1346, 1351 (10th Cir. 1989); *Alamo Rent-A-Car, Inc. v. Sarasota-Manatee Airport Auth.*, 825 F.2d 367, 369 n.2 (11th Cir. 1987), *cert. denied*, 484 U.S. 1063 (1988).

Nevertheless, in conflict with this line of authority, the Federal Circuit concluded that the District Court's denial of plaintiffs' request for a permanent injunction was not sufficient to qualify for

appellate jurisdiction under Section 1292(a)(1). This ruling is premised upon a misreading and misapplication of this Court's decision in *Switzerland Cheese Ass'n, Inc. v. E. Horne's Market, Inc., supra,* in which it was held that an order denying a motion for summary judgment which had the practical effect of denying the permanent injunction demanded in the plaintiff's complaint was not an appealable order under Section 1292(a)(1). As numerous courts have since recognized, *Switzerland Cheese* did not involve an order which, as here, explicitly granted or denied an injunction. *See, e.g., Atwood Turnkey Drilling, Inc. v. Petroleo Brasileiro, S.A.*, 875 F.2d 1174, 1176 (5th Cir. 1989) ("The orders at issue in . . . *Switzerland Cheese Ass'n. Inc., v. E. Horne's Market, Inc.* . . ., were not denominated injunctions, they merely had the practical effect of an injunction.") (citations omitted), *cert. denied,* 493 U.S. 1075 (1990); *Cable Holdings of Battlefield, Inc. v. Cooke*, 764 F.2d 1466, 1471 n.11 (11th Cir. 1985).

The Federal Circuit read *Switzerland Cheese* as holding that even an order that expressly denies a motion for permanent injunctive relief is not immediately appealable. *Switzerland Cheese* stands for no such proposition. Unlike the order denying summary judgment involved in *Switzerland Cheese*, the Order at issue here expressly denied both summary judgment ***and*** injunctive relief (A-27). Under these circumstances, the clear and unambiguous language of Section 1292(a)(1) dictates that the Order is

immediately appealable, and *Switzerland Cheese* simply has no application.

The mere fact that a request for injunctive relief is combined with a motion for summary judgment does not defeat appellate jurisdiction under Section 1292. *See, e.g., Gerber Garment Technology, Inc. v. Lectra Sys., Inc.*, 916 F.2d 683, 686 (Fed. Cir. 1990); *Loya v. Immigration & Naturalization Serv.*, 583 F.2d 1110, 1112 (9th Cir. 1978) (explaining that grant of partial summary judgment coupled with denial of injunctive relief is immediately appealable under Section 1292(a)(1)). Indeed, the Federal Circuit's citation of its own prior decision in *Gerber* (A-3) is ironic. In *Gerber*, as here, the plaintiff had sought both summary judgment and injunctive relief. There, as here, the trial court denied injunctive relief for reasons going to the merits of the claim. And there, as here, the merits of the summary judgment determination were "closely interrelated factually" to the resolution of the request for injunctive relief. Accordingly, the *Gerber* court held that the explicit denial of injunctive relief was appealable under Section 1292 and that the merits of the summary judgment motion were reviewable upon interlocutory appeal of the District Court's denial of injunctive relief.

Since a party seeking permanent injunctive relief cannot obtain such relief before the end of a trial on the merits without moving for summary judgment and the Federal Circuit has now read *Switzerland Cheese*

as precluding review of a request for a permanent injunction when that request is paired with a motion for summary judgment, the Federal Circuit's reading of *Switzerland Cheese* is tantamount to holding that parties are precluded from getting interlocutory review of a denial of a permanent injunction. This is not what the Supreme Court said in *Switzerland Cheese* and it is contrary to the language of the statute.

The language of Section 1292(a)(1) refers to "injunctions," with no distinction made as to the type of injunction. This clear and unambiguous language should be given its plain and ordinary meaning, and a Court of Appeals should not be permitted to superimpose restricting language upon that chosen by Congress. Even if it had been appropriate for the Federal Circuit to look beyond the clearly expressed intent of Congress, there was no legislative history to guide it on this issue. This statute has been in effect in some form since 1891, and although Congress has amended it numerous times, including six times in the past 50 years, it has never once sought to distinguish between the appealability of orders denying preliminary, as opposed to permanent, injunctions. Certainly if it were Congress's intent to make such a distinction, it could have easily amended the statute to clarify the matter and thereby overrule the long line of decisions cited above.

II. THE FEDERAL CIRCUIT'S RULING REGARDING THE NECESSITY OF AN EXPLICIT REQUEST FOR PRELIMINARY INJUNCTIVE RELIEF IS AT ODDS WITH AUTHORITY FROM OTHER CIRCUITS

The Federal Circuit also declined jurisdiction over an appeal from the District Court's Orders as ones denying preliminary injunctive relief, holding that

> for this court to have jurisdiction over an appeal from an order denying a preliminary injunction, the district court's order must have been entered in response to a request by the appealing party. (A-6.)

The Federal Circuit reached this result despite the fact that, in its Opinion, the District Court states that "[p]laintiffs and defendants also seek injunctive relief pursuant to Fed. R. Civ. P. 65(d)" (A-9) and devotes an entire section of that Opinion, entitled "Preliminary Injunction," to a discussion of the standards for and appropriateness of preliminary injunctive relief (A-25 to A-26).

The Federal Circuit offers no support for its reading of Section 1292(a)(1) beyond the observation that the word "refusing" in the statute "denotes the denial of a request." (A-5 to A-6.) From this, the Federal Circuit apparently concluded that such a

request must have been expressly made, since it also concluded that a request for preliminary injunction could not be deemed to be incorporated within a request for permanent injunction. (A-6 to A-7.) There is simply no basis in the language of the statute for this strained reading, nor can the Federal Circuit point to any legislative history to support its conclusion. The ordinary dictionary definition does not suggest that a "refusal" must always be in response to a request. *Webster's Third New International Dictionary* defines "refuse" as "show or express a positive unwillingness to do *or* comply with (as something asked, demanded, expected)." (Emphasis added.) Even if the term "refusing" did suggest that an initial request must have been made, however, there is no basis for the second leap in the Federal Circuit's analysis, *i.e.*, that such a request must have been expressly made.

In so ruling the Federal Circuit has, without any statutory or other authority, grafted an additional requirement onto Section 1292(a)(1) beyond the only requirement imposed by Congress, *i.e.*, that the order be one "granting, continuing, modifying, refusing or dissolving injunctions." The statute refers merely to ***orders*** granting or refusing injunctive relief and does not in any way address the basis for those orders, let alone specify that those orders must have been in response to motions or requests of a particular type. This new prerequisite for appellate jurisdiction that the Federal Circuit has created is also contrary to the approach taken in other Circuits. *See, e.g., Oskiera v.*

Chrysler Motors Corp., 1991 U.S. App. LEXIS 20118, at *3-5 (6th Cir. Aug. 23, 1991) (finding that Sixth Circuit "without doubt" had jurisdiction pursuant to Section 1292(a)(1) to review district court order granting partial summary judgment and permanent injunction to plaintiffs, but reviewing the order as one granting a ***preliminary*** injunction, despite the fact that plaintiffs never sought a preliminary injunction, because "[a]lthough the district court characterized its grant of injunctive relief as permanent, it was in effect a preliminary injunction").

There was ample basis for the District Court to conclude that plaintiffs' prayer for relief encompassed a request for preliminary injunction. In both its complaint and motion, plaintiffs sought "such other and further relief" as the District Court deemed "just and proper." Courts in other Circuits have recognized that this type of additional claim for relief can provide an adequate basis for modifying the type of equitable relief sought by a party. *See, e.g., Staron v. McDonald's Corp.*, 51 F.3d 353, 358 (2d Cir. 1995) (recognizing that request in complaint for "such other and further relief as [the Court] may deem just and proper" enables District Court to grant injunction with different scope than that sought by plaintiffs); *Dart Drug Corp. v. Corning Glass Works*, 480 F. Supp. 1091, 1105 n.17 (D. Md. 1979) (prayer for relief for cause of action under Section 16 of Clayton Act did not include request for injunctive relief directed toward defendant's alleged price-fixing conduct, but court noted that

"plaintiff does request 'such other and further relief as may be just and proper' and F.R.Civ.P. 54(c) mandates that the court grant the relief to which a party is entitled, even if the party has not demanded such relief. Therefore if plaintiff proves entitlement to an injunction, its failure to demand that relief will not preclude the Court from granting it."); *Bobula v. United States Dep't of Justice*, 970 F.2d 854, 859 (Fed. Cir. 1992) (interpreting prayer for "other and further relief" in suit under Little Tucker Act as claim for additional equitable relief beyond the equitable relief sought in other parts of the complaint); *Griffin v. Red Run Lodge, Inc.*, 610 F.2d 1198, 1205 n.5 (4th Cir. 1979) (no request for injunctive relief had been spelled out in the complaint and the district court had denied two efforts to amend complaint to add request for injunctive relief; nevertheless, Fourth Circuit observed that if defendants had argued that plaintiff never properly made claim for injunctive relief, this argument would fail because the initial complaint asked for "other and further relief[]" and the pre-trial order indicated that plaintiffs sought injunctive relief).

Moreover, it was entirely appropriate for the District Court to deem plaintiffs' request for permanent injunctive relief as incorporating a request for preliminary injunctive relief. The Federal Circuit offers no authority for its conclusion to the contrary, relying solely on "the differences between a preliminary and a permanent injunction," including the

requirement that the party seeking a preliminary injunction demonstrate irreparable harm. (A-6 to A-7.) However, the Federal Circuit ignored the fact that in a trademark infringement action governed by Third Circuit law,[1] no additional showing is required to obtain a preliminary injunction beyond that required for a permanent injunction where, as here, the plaintiff demonstrates a likelihood of confusion.

It is the rule in the Third Circuit that: "[W]here the plaintiff [in a trademark infringement action] makes a strong showing of likely confusion, irreparable injury follows as a matter of course." *Opticians Ass'n of Am. v. Independent Opticians of Am.*, 920 F.2d 187, 196-97 (3d Cir. 1990); *see also Game Power Headquarters, Inc. v. Owens*, 1995 U.S. Dist. LEXIS 5998, at *19 (E.D. Pa. May 4, 1995) (applying

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[1] On non-patent issues, such as the trademark issues involved in the instant case, the Federal Circuit applies the "discernable law of the involved circuit," which here is the Third Circuit. *Atari, Inc. v. JS&A Group, Inc.*, 747 F.2d 1422, 1440 (Fed. Cir. 1984) (en banc); *see also Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*, 58 F.3d 616, 618 (Fed. Cir. 1995). This principle extends to the review of the denial of injunctive relief. *See, e.g., Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1462 (Fed. Cir. 1990) (applying law of regional circuit on appeal of injunction involving enjoinder of concurrent litigation); *Chemlawn Servs. Corp. v. GNC Pumps, Inc.*, 823 F.2d 515, 517 (Fed. Cir. 1987) (applying law of regional circuit on appeal of injunction where issues were procedural in nature and did not involve substantive law of patents).

Opticians); *Kraft Gen. Foods, Inc. v. BC-USA, Inc.*, 840 F. Supp. 344, 351 (E.D. Pa. 1993); *BIEC Int'l, Inc. v. Global Steel Servs. Ltd.*, 791 F. Supp. 489 (E.D. Pa. 1992); *New York Style Bagel Chip Co. v. That's Entertainment, Inc.*, 1992 U.S. Dist. LEXIS 3368 (E.D. Pa. Mar. 9, 1992); *Barre-National, Inc. v. Barr Lab., Inc.*, 773 F. Supp. 735, 746 (D.N.J. 1991); *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 73 (2d Cir. 1988); *Rodeo Collection, Ltd. v. West Seventh*, 812 F.2d 1215, 1220 (9th Cir. 1987); *Church of Scientology Int'l v. Elmira Mission of Church of Scientology*, 794 F.2d 38, 41 (2d Cir. 1986).

Here, as the District Court correctly noted (A-16), likelihood of confusion was conceded by all parties. Hence, under Third Circuit authority, irreparable injury followed as a matter of law. Indeed, such conceded irreparable injury underlay defendants' cross-motion for injunctive relief. Under these circumstances, therefore, no additional showing would have been necessary for plaintiffs to obtain a preliminary injunction, and the Federal Circuit's reliance on the general distinctions between the two types of injunctions to hold that the request for permanent injunction could not be read to incorporate a request for preliminary injunction is misplaced. In the context of this case, these are effectively distinctions without a difference.

The Federal Circuit's allusion to the "balance of the equities" and the "public interest" (A-7) is even less

persuasive. No equities weigh in favor of a likely infringer,[2] and the public interest is clearly served by avoiding confusion in the marketplace by preventing direct competitors from using the same trademark.[3]

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[2] *See, e.g., Opticians Ass'n of Am. v. Independent Opticians of Am.*, 920 F.2d 187, 197 (3d Cir. 1990) (explaining that an infringer cannot be heard to complain about the difficulties and costs brought about by the issuance of an injunction); *Kraft Gen. Foods, Inc. v. BC-USA, Inc.*, 840 F. Supp. 344, 351 (E.D. Pa. 1993) (declaring that for purposes of balancing hardships, "[a] defendant can hardly claim a harm it brought upon itself").

[3] *See, e.g., Opticians*, 920 F.2d at 197-98 (holding that the "public interest" is "a synonym for the right of the public not to be deceived or confused" and that "[h]aving already established that there is a likelihood of consumer confusion created by the concurrent use of the . . . marks, it follows that if such use continues, the public interest would be damaged"); *Kraft*, 840 F. Supp. at 351 ("In a trademark case, public interest is the right of the public not to be deceived or confused. Since I have already found that there is a likelihood of confusion . . ., it follows that the public interest would be damaged if the confusing use continues.") (citing *Opticians*); *see also S&R Corp. v. Jiffy Lube Int'l, Inc.*, 968 F.2d 371, 379 (3d Cir. 1992) ("Where a likelihood of confusion arises out of the concurrent use of a trademark, the infringer's use damages the public interest. In this respect, harm to the public interest is much like irreparable injury to the trademark owner."); *Bill Blass, Ltd. v. SAZ Corp.*, 751 F.2d 152, 156 (3d Cir. 1984) (stating that "preventing deception of the public is itself in the public interest"); *New York Style Bagel Chip Co. v. That's Entertainment, Inc.*, 1992 U.S. Dist. LEXIS

(continued...)

At the conclusion of its Opinion, the Federal Circuit states that, even if it had appellate jurisdiction, it "could not reverse the district court" because "it cannot be reversible error for a court to deny a motion that was not made." (A-7.) This circular argument is not persuasive. If, as discussed above, there is appellate jurisdiction to review the District Court's Orders, the Court of Appeals cannot escape its obligation to review the merits of those Orders by such sophistry. The District Court expressly denied a preliminary injunction on the merits (ostensibly because it could not determine the likelihood of success) (A-25 to A-27), not because it purported to exercise its discretion to deny a motion that had not been made.

While the grant or denial of injunctive relief is committed to the sound discretion of the District Court, under principles laid down by the Third Circuit, the decision of the District Court will be reversed if the District Court has "committed an obvious error in applying the law, or made a serious mistake in considering the proof." *United Tel. Workers v. Western Union Corp.*, 771 F.2d 699, 703 (3d Cir. 1985). Where, as here, the denial of injunctive relief is grounded on the District Court's legal conclusion regarding the movant's likelihood of success on the merits, the

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[3/](...continued)
3368, at *30-31 (E.D. Pa. Mar. 9, 1992) (same); *BIEC Int'l, Inc. v. Global Steel Servs. Ltd.*, 791 F. Supp. 489, 550 (E.D. Pa. 1992) (same).

District Court's decision must be reviewed *de novo*. *Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431, 1438 (3d Cir. 1994) (on review of denial of injunction in "trade dress" infringement case, court "exercise[d] plenary review over the district court's conclusions of law and its application of the law to the facts"); *see also Coteau Properties Co. v. Department of Interior*, 53 F.3d 1466, 1472 (8th Cir. 1995) ("We review the legal conclusion of whether Coteau was likely to succeed on the merits *de novo*."); *Roho, Inc. v. Marquis*, 902 F.2d 356, 358 (5th Cir. 1990) ("To determine the likelihood of success on the merits, we look to the standards provided by the substantive law."); *Brunswick Corp. v. Jones*, 784 F.2d 271, 274 n.2 (7th Cir. 1986) ("Whether the plaintiff can demonstrate a reasonable likelihood of prevailing on the merits, however, often requires determination of a question of law . . . . As is the case for all questions of law, we will review de novo the validity of the restrictive covenant.").

The Federal Circuit should be required to review the correctness of the rationale actually expressed by the District Court, rather than be permitted to sidestep its responsibility by pretending that the District Court properly exercised a purported discretion it patently never intended to exercise.

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A – Opinion of the United States Court of Appeals for the Federal Circuit dated September 5, 1996

United States Court of Appeals for the Federal Circuit

95-1420

LERMER GERMANY GMBH
and LERMER USA, INC.,

Plaintiffs-Appellants,

v.

LERMER CORPORATION, WILLI LERMER
and ROLF SCHWYN,

Defendants-Appellees,

and

ROLF GARDEY,

Defendant.

DECIDED: September 5, 1996

Before CLEVENGER, *Circuit Judge*, NIES,* *Senior Circuit Judge*, and BRYSON, *Circuit Judge*.

BRYSON, *Circuit Judge*.

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* Senior Circuit Judge Nies died on August 7, 1996. This case was decided by the remaining judges in accordance with Fed. Cir. Rule 47.11.

Lermer Germany GmbH and Lermer USA, Inc., appeal from an order of the United States District Court for the District of New Jersey. Because we conclude that we do not have jurisdiction to review the district court's order, we dismiss the appeal.

I

Plaintiffs Lermer Germany and Lermer USA, Inc., filed an action against defendants Lermer Corp., Willi Lermer, Rolf Schwyn, and Rolf Gardey alleging, *inter alia*, common-law trademark infringement and patent infringement. The defendants counterclaimed, also alleging common-law trademark infringement. The trademark dispute centers on who owns the common-law right to use the mark "Lermer" in the United States in connection with the manufacture and sale of aircraft galley equipment.

Both sides moved for summary judgment on their respective trademark claims, and the district court denied both motions, concluding that there were genuine issues of material fact that precluded summary judgment. In an opinion accompanying the order, the court noted that "[p]laintiffs and defendants also seek injunctive relief pursuant to Fed. R. Civ. P. 65(d)." Under a heading entitled "Preliminary Injunction," the court denied injunctive relief on the ground that the remaining factual disputes prevented the court from determining which party had a reasonable probability

of success on the merits. In the order from which this appeal is taken, the court made no reference to preliminary injunctive relief but simply stated that "both plaintiffs' and defendants' motions for partial summary judgment and for injunctive relief be and hereby are denied."

II

The final judgment rule embodied in 28 U.S.C. § 1291 ensures that ordinarily a party may appeal only from a final judgment of the district court. Congress has created limited exceptions to the final judgment rule, one of which permits appeals to be taken from interlocutory orders "granting, continuing, modifying, refusing or dissolving injunctions, or refusing to modify injunctions." 28 U.S.C. § 1292(a)(1); *see also* 28 U.S.C. § 1292(c)(1).

The final judgment rule prohibits a party from appealing a district court's denial of a motion for summary judgment. *See Gerber Garment Technology, Inc.* v. *Lectra Sys., Inc.*, 916 F.2d 683, 686, 16 USPQ2d 1436, 1438-39 (Fed. Cir. 1990); *Metex Corp.* v. *ACS Indus., Inc.*, 748 F.2d 150, 153 (3d Cir. 1984). This barrier to appellate review holds even when the party that has sought summary judgment has requested a permanent injunction in its prayer for relief, so that the denial of the motion for summary judgment has the effect of denying, for the time being, a request for an

injunction. *Switzerland Cheese Ass'n* v. *E. Horne's Market, Inc.*, 385 U.S. 23, 24-25 (1966); *see Woodward* v. *Sage Prods., Inc.*, 818 F.2d 841, 846-47, 2 USPQ2d 1649, 1653-54 (Fed. Cir. 1987) (en banc). In *Switzerland Cheese*, 385 U.S. at 25, the Supreme Court noted that the denial of a motion for summary judgment because of unresolved issues of fact

> does not settle or even tentatively decide anything about the merits of the claim. It is strictly a pretrial order that decides only one thing -- that the case should go to trial. Orders that in no way touch on the merits of the claim but only relate to pretrial procedures are not in our view "interlocutory" within the meaning of § 1292(a)(1). We see no other way to protect the integrity of the congressional policy against piecemeal appeals.

See Carson v. *American Brands, Inc.*, 450 U.S. 79, 84-85 (1981) (reaffirming rule of *Switzerland Cheese* that denial of a motion for summary judgment requesting a permanent injunction is not an appealable order under 28 U.S.C. § 1292(a)(1)). Plainly, then, the final judgment rule prevents us from reviewing the district court's denial of the plaintiffs' motion for summary judgment even though the denial of that motion resulted in at least the temporary denial of the plaintiffs' request for a permanent injunction.

The plaintiffs assert, however, that this court has jurisdiction under 28 U.S.C. § 1292(a)(1) because in its opinion (although not in its order) the district court characterized its ruling as denying a preliminary injunction. The defendants respond that the appeal should be dismissed because, despite the district court's apparent belief to the contrary, the plaintiffs did not move for or otherwise request a preliminary injunction.

We conclude that the plaintiffs did not request preliminary injunctive relief in the district court. The plaintiffs' notice of motion states only that they are moving for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure. Their attached proposed order would have granted them summary judgment and would have permanently enjoined the defendants from using the Lermer mark. The plaintiffs concede that they did not explicitly request a preliminary injunction, and nothing in the record suggests that they took steps that could be construed as a request for preliminary injunctive relief in the event the court denied their motion for summary judgment. We are thus faced with the unusual question of whether a party may appeal a district court's order denying a preliminary injunction request that was never made.

The language of section 1292(a)(1) supports the defendants' argument. The statute requires that the district court's order be one "refusing" an injunction,

which denotes the denial of a request. Moreover, there is no reason to grant a right to appellate review of a district court order denying relief that was not sought. Thus, we hold that for this court to have jurisdiction over an appeal from an order denying a preliminary injunction, the district court's order must have been entered in response to a request by the appealing party. *See Woodard* v. *Sage Prods., Inc.*, 818 F.2d at 852 n.9, 2 USPQ2d at 1657 n.9.

The plaintiffs argue that even if they did not explicitly request a preliminary injunction, their request for a permanent injunction is sufficient to satisfy the requirements of section 1292(a)(1). We disagree. To the extent that they argue that their request for a permanent injunction is sufficient, standing alone, to invoke this court's appellate jurisdiction, their argument flies directly in the face of the Supreme Court's decision in *Switzerland Cheese*. To the extent that they argue that their request for a permanent injunction should be read to incorporate a request for a preliminary injunction, they have overlooked the differences between a preliminary and a permanent injunction. A permanent injunction issues to a party after winning on the merits and is ordinarily granted upon a finding of trademark infringement. *See* 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 30.01, at 30-5 (3d ed. 1994). A preliminary injunction is extraordinary relief that alters the status quo during the course of litigation. It

is granted only after the requesting party has shown that it is likely to succeed on the merits, that it will incur irreparable harm in the absence of such relief, and that the balance of the equities and the public interest favor granting the injunction. *S&R Corp.* v. *Jiffy Lube Int'l, Inc.*, 968 F.2d 371, 374, 23 USPQ2d 1201, 1204 (3d Cir. 1992). Because of the exacting standards that a party must meet to obtain a preliminary injunction, it frequently happens that a party is denied a preliminary injunction pending the disposition of the lawsuit but ultimately prevails on the merits and is awarded a permanent injunction as part of the final judgment in the case. The two instruments are distinct forms of equitable relief that have different prerequisites and serve entirely different purposes. We therefore cannot construe the plaintiffs' request for a permanent injunction at the end of the case as necessarily incorporating a request for a preliminary injunction *pendente lite*.

Even if we were to conclude that we had jurisdiction in this case based on the district court's statement in its opinion that it was denying a preliminary injunction, the plaintiffs would be little better off. Because it cannot be reversible error for a court to deny a motion that was not made, we could not reverse the district court on this record. Thus, the only difference in our treatment of this case, were we to find appellate jurisdiction, would be to substitute "affirmed" for "dismissed" as the disposition. We would

not in any event review the district court's denial of the plaintiffs' summary judgment motion, which is the objective the plaintiffs apparently hoped to achieve by taking this appeal.

Costs to appellees.

DISMISSED

APPENDIX B – Opinion and Order of the United States District Court for the District of New Jersey dated May 19, 1995

NOT FOR PUBLICATION

ORIGINAL FILED
MAY 23 1995
WILLIAM T. WALSH, CLERK

UNITED STATES DISTRICT COURT

DISTRICT OF NEW JERSEY

LERMER GERMANY GMBH and LERMER USA, INC.,	Civil No. 94-2856 (AET)
Plaintiffs,	
v.	OPINION
LERMER CORP., WILLI LERMER and ROLF SCHWYN,	
Defendants.	

THOMPSON, Chief Judge

This matter is before the Court on plaintiffs' motion for summary judgment pursuant to Fed. R. Civ. P. 56(c) on their fifth claim for relief and on defendants' first counterclaim. Defendants have filed a cross-motion for summary judgment on the same two claims. Plaintiffs and defendants also seek injunctive relief pursuant to Fed. R. Civ. P. 65(d). For the

reasons set forth below, the Court will deny both motions.

Background

Plaintiffs filed their complaint in this Court on June 14, 1994 alleging patent infringement, misappropriation of trade secrets, false designation of origin and false description, common law trademark infringement, unfair competition and unjust enrichment. Defendants filed their answer along with several counterclaims including trademark infringement, unfair competition, violation of the New Jersey Unfair Competition Act, intentional interference with business relations and monopolization. The present motion involves plaintiffs' claim and defendants' counter-claim of trademark infringement. The disputed trademark is the Lermer name.

In the late 1940's, defendant Willi Lermer inherited his father's small machine and metal processing business which the family had begun approximately twenty years earlier. Lermer decided to incorporate the business around 1955 and the company eventually became known as "Lermer GmbH" Willi Lermer owned 90% of the company and his mother owned 10%. In 1979 Willi Lermer became the sole shareholder of Lermer GmbH. Between 1952 and his retirement in 1993, Willi Lermer was the sole managing director of the company.

During the early 1960's, Lermer GmbH entered the airline food cart business. In 1967 or 1968 Lermer GmbH began doing business in the United States selling aircraft galley equipment. Lermer GmbH marketed and distributed its products in this country until 1979. At that time, Willi Lermer formed Lermer Corporation ("Lermer Corp."), a Delaware corporation with its principal place of business in New Jersey. Initially, Lermer Corp. marketed and distributed Lermer GmbH's products in the United States. During the 1980's Lermer Corp. also began to assemble various Lermer GmbH products using Lermer GmbH parts and specifications. Defendants allege that despite the two companies' close relationship, common owner and common Chief Executive Officer, Lermer GmbH and Lermer Corp. remained separate and distinct corporations. Willi Lermer, not Lermer GmbH, was the sole stockholder of Lermer Corp. until he sold the company on July 22, 1994. Lermer's decision not to have Lermer GmbH purchase stock in the American corporation and to keep the two companies separate was intentional. (Lermer Decl. at ¶13.) Lermer's deposition testimony clearly sets forth the political and business reasons for his choice. Lermer also states that Lermer Corp. and Lermer GmbH usually engaged in arms length transactions and maintained separate records.

Plaintiffs, however, cite to evidence in the record that the relationship between the corporations was much more intimate and informal. For example,

Lermer admits that the two companies shared "certain assets and resources e.g., trade secrets .... In other areas such as design, it would have been prohibitively expensive and simply made no economic sense to impose upon Lermer Corp. the costs and burdens of creating new designs when Lermer, GmbH already had those resources." (Lermer Reply Aff. at ¶5.) Although the decision to share certain design and operational aspects of the two companies may have been cost effective, it reveals that the two companies were not detached from one another. In addition, a brochure published by Lermer Corp. refers to Lermer GmbH in Wiesbaden, West Germany as the "head office" and the "mother company." (Zammit Aff. Ex. D, *see also* Lough Aff. Ex. B., Lermer Dep. at pp. 84-87.) The brochure also states, without distinguishing between the two companies, that "Lermer" has existed for over 55 years and has provided aircraft galley equipment for the past 25 years. (*Id.*) Tom Jurlina, worked for Lermer Corp. for six years including one year as a project engineer. His deposition testimony further indicates the distortion of the two companies' corporate identities. (*See generally* Jurlin Dep. and *specifically* pp. 16-17.)

The nature of the relationship between the companies is significant because the parties dispute the origin of Lermer Corp.'s license to use the Lermer name. Plaintiff's argue that Lermer Corp., was essentially Lermer GmbH's subsidiary and that Lermer GmbH had granted Lermer Corp. an implied license to use the Lermer name in the United States. Defendants

maintain that the two corporations were distinct entities which received individual oral licenses directly from Willi Lermer.

In 1993, Willi Lermer retired from Lermer GmbH. Shortly thereafter, in 1994, the company was liquidated in German bankruptcy proceedings. One of the Lermer GmbH's largest competitors, Driessen Aircraft BV, created a new subsidiary, Lermer Germany GmbH ("Lermer Germany"). As part of the liquidation proceedings, Lermer Germany acquired most of the assets of Lermer GmbH including:

> the right to retain and continue to use the 'Lermer' company name, with or without additional wording indicating the successor relationship; in particular, this right shall include the use of the company name in the same way as it is being used by Purchaser now.

(Zammit Aff. Ex. E. at ¶4.) In conjunction with the asset purchase, Lermer Germany formed a corporation in this country, Lermer USA, Inc. ("Lermer USA"). Lermer Germany planned to use Lermer USA in the same way that Lermer GmbH had used Lermer Corp. Believing that it had purchased the right to use the Lermer name worldwide, Lermer Germany sent Lermer Corp. a letter revoking what it characterized as an implied license to use the Lermer name. Lermer Corp. did not comply with Lermer Germany's request, claiming that its right to use the Lermer name

originated with Willi Lermer, not Lermer GmbH. Lermer Germany then filed the present law suit.

On July 22, 1994, Willi Lermer sold Lermer Corp. to ISE Inflight Service Equipment Corp. ("ISE"). As part of the sale, Willi Lermer granted ISE a license "in perpetuity" to use the Lermer name "in connection with the business and products of Lermer Corp. as it was [then] being conducted." (Lough Aff. Ex. A, p. 699.)

Discussion

I. Summary Judgment Standard of Review

A court may enter summary judgment if there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56; *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Once the moving party has satisfied this initial burden, the opposing party must establish that a genuine issue exists. *Jersey Central Power & Light Co. v. Lacey Township*, 772 F.2d 1103, 1109 (3d Cir. 1985), *cert. denied* 475 U.S. 1013 (1986). Not every issue of fact will be sufficient to defeat a motion for summary judgment; issues of fact are genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). It is not enough to simply show that some "metaphysical" doubt exists as to the material facts. *Matsushita Electric Indus. Co., Ltd. v. Zenith Radio*

Corp., 475 U.S. 574, 586 (1986). Further, the opposing party cannot rest upon mere allegations; it must present actual evidence that creates a genuine issue of material fact. *Liberty Lobby*, 477 at 249 (citing *First Nat'l Bank of Arizona v. Cities Service Co.*, 391 U.S. 253, 290 (1968)). The court must draw all reasonable inferences in the opposing party's favor, and must accept that party's evidence when considering the merits of the summary judgment motion. *See Country Floors, Inc. v. A Partnership Composed of Gepner and Ford*, 930 F.2d 1056, 1061 (3d Cir. 1991).

In deciding a motion for summary judgment, it is not the court's role to make findings of fact, but to analyze the facts presented and determine if a reasonable jury could return a verdict for the nonmoving party. *See Big Apple BMW, Inc. v. BMW North America, Inc.*, 974 F.2d 1358, 1363 (3d Cir. 1992), *cert. denied*, 113 S. Ct. 1262 (1993). It is in this light that the Court must undertake an analysis of the facts of this case.

II. Trademark Infringement

In order to succeed on a common law claim of trademark infringement, a plaintiff must show that:

(1) the mark is valid and legally protectable;
(2) the mark is owned by the plaintiff; and
(3) the defendant's use of the mark to identify goods or services is likely to create

> confusion concerning the origin of the goods.

Fisons Horticulture, Inc. v. Vigoro Industries, Inc., 30 F.3d 466, 472 (3d Cir. 1994). In the present case, both plaintiffs and defendants claim trademark infringement of the Lermer name. The parties agree, without providing evidence, that the mark is valid and legally protectable and that there is a likelihood of confusion.[1] Therefore, the parties address only the issue of ownership.

The first entity to adopt an unregistered trademark may assert ownership rights so long as it continuously uses it. *Ford Motor Co. v. Summit Motor Products, Inc.*, 930 F.2d 277, 292 (3d Cir.)(citing *Tally-Ho Inc. v. Coast Community College District*, 889 F.2d 1018, 1022-23 (11th Cir. 1989), *cert. denied*, 502 U.S. 939 (1991). The record in the present case reveals that Lermer GmbH was the first corporate entity to use the Lermer trademark in the United States. Lermer GmbH began marketing and selling equipment in this country in approximately 1967 or 1968. Willi Lermer testified at his deposition that he never used the Lermer name in this country in his individual capacity. Willi Lermer also stated that he granted Lermer GmbH

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[1]The stipulation as to validity and the likelihood of confusion is effective only among these parties. A subsequent dispute about the Lermer name involving different parties would require the issues of validity and likelihood of confusion to be decided at that time.

the right to use the Lermer name. (Lermer Decl. at ¶ 35-37.) Plaintiffs have not disputed this fact.

Whether the licensor of a trademark which has only been used in commerce by the licensee may assert ownership rights to the trademark is a highly fact specific question which may be decided only after a careful evaluation of the unique circumstances involved. *In re Briggs*, 229 U.S.P.Q. 76, 77 (TTAB 1986); *Monorail Car Wash, Inc. v. McCoy*, 178 U.S.P.Q. 434, 438 (TTAB 1973) and *ABC Moving Company, Inc. v. Brown*, 218 U.S.P.Q. 336, 338 (TTAB 1983)(relying on the specific facts before the Board).[2] The individual licensor's ownership interest is determined by considering several factors including: (1) the extent of the individual's ownership interest in the corporation; (2) the individual's position within the corporation and (3) the amount of control the individual exerts over the nature and quality of the corporation's services or products. *In re Hand*, 231 U.S.P.Q. 487, 488 (TTAB 1986); *In re Briggs*, 229 U.S.P.Q. at 77; *Smith v. Coahoma Chemical Co., Inc.*, 264 F.2d 916 (CCPA

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[2]Plaintiffs argued in their brief and at oral argument that many of the cases cited by defendants are inapposite because they deal with the registration of trademarks. However, when determining whether to register a trademark, the Patent and Trademark Office appears to base its decision as to ownership on the applicant's status at common law, i.e. whether the applicant was the first to adopt and continuously use the trademark. *See generally, e.g., In re Briggs*, 229 U.S.P.Q. 76; *Monorail Car Wash*, 178 U.S.P.Q. 434 and *ABC Moving*, 218 U.S.P.Q. 336. Therefore, the Court finds these cases applicable.

1959) and *ABC Moving Co.*, 218 U.S.P.Q. at 339. The Court should look to the relationship between the individual and the corporation as well as the extent to which use of the trademark inured to the individual's benefit. *Coahoma*, 264 F.2d at 916. An individual's status as controlling stock holder and principal of the licensee corporation is insufficient, without more, to prove ownership. *Monorail Car Wash*, 178 U.S.P.Q. at 438; *In re Briggs*, 229 U.S.P.Q. at 77 and *ABC Moving Co.*, 218 U.S.P.Q. at 338 and *see generally In re Hand*, 231 U.S.P.Q. at 488. However, if the owner of the corporation and the corporation itself are so close as to "equitably constitute a single entity," then "sufficient control by the individual with use by the corporation inuring to the individual's benefit [will] be found." *In re Hand*, 231 U.S.P.Q. at 488.[3] Therefore, if an

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[3]Plaintiffs cite to *Monorail Car Wash*, 178 U.S.P.Q. at 437-4408; *In re Briggs*, 229 U.S.P.Q. at 76 and *Hurricane Fence Co. v. A-1 Hurricane Fence Co.*, 468 F. Supp. 975, 986 (S.D. Ala. 1979), for the proposition that ownership of a trademark may only be found where the entity asserting ownership actually used the mark in commerce. Hence, plaintiffs argue that because Willi Lermer never personally used the Lermer name in the United States he can not be the owner of the mark. However, the board in *Monorail* held:

> It thus appears that the question whether or not an individual including an officer of a corporation or the corporation itself is the owner of a mark for a product *produced and distributed by the corporation* must be resolved on a case-by-case basis dependent upon the particular facts adduced in the case.

(continued...)

individual can prove thorough and complete ownership, he need go no further and his claim to the ownership rights of the trademark will be accepted. *Id.* Otherwise, all three factors and the nature of the relationship between the individual and company must be closely examined. *Id.*

At the time Lermer GmbH first used the Lermer name in the United States, Willi Lermer held only 90% of the stock, was the Chief Executive Officer of the company and its sole managing director. The remaining 10% belonged to his mother who does not appear to have played an active role in the corporation. This Court concludes that Willi Lermer's ownership interest was so extensive that he and the corporation were "equitably a single entity" and therefore that Lermer GmbH's use of the trademark inured to Willi Lermer's benefit.

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[3](...continued)

178 U.S.P.Q. at 438. Similarly the *Briggs* board held:

> It is clear, and neither the Examining Attorney nor the applicant disputes the point, that rights to a mark may be acquired through use of a mark by a controlled licensee even when the only use of the mark has been and is by the licensee. (citations omitted)

229 U.S.P.Q. at 77. This Court has reviewed *Hurricane Fence*, 468 F. Supp. 975, but finds no language to support plaintiffs' argument.

Even if, however, Willi Lermer's ownership interest were not sufficient to consider him and the corporation a "single entity," the Court is satisfied that he is entitled to assert ownership rights to the trademark. The history of Lermer GmbH's formation and its development over the years provides a relevant context for the instant dispute. The Lermer family started this business and Willi Lermer has participated in the company for almost his entire life, first as an employee and later as its owner. Willi Lermer's 90% ownership interest in Lermer GmbH was quite extensive and provided him with practically complete control. The parties do not dispute Willi Lermer's high degree of involvement in virtually every aspect of the company including its expansion into the airline food cart industry and into the United States. As Chief Executive Officer of Lermer GmbH from 1952 until he retired in 1993, Lermer controlled the company both as a stockholder and as its highest ranking officer. Moreover, Lermer GmbH was a company which, although taking on the form of a corporation, remained a family business with Willi Lermer at the helm.

Relying on *Bellanca Aircraft Corp. v. Bellanca Engineering, Inc.*, 190 U.S.P.Q. 158 (TTAB 1976), plaintiffs argue that Willi Lermer has no ownership interest in the Lermer name because only Lermer GmbH used the trademark in the United States. *Bellanca* shares many factual similarities with the present case, but many differences as well. The Court in *Bellanca* held:

> Long prior to his departure from Bellanca Aircraft Corporation (Delaware), Mr. G.M. Bellanca had made use of "BELLANCA" as a trademark. "BELLANCA", in non-distinctive type, was registered by Bellanca Aircraft Corporation (Delaware) for airplanes and airplane structural parts [on three separate occasions with certificates issued on July 22, 1930, December 6, 1932 and December 11, 1951.] All three certificates show on their faces that the applications were signed by G.M. Bellanca as president of applicant . . . .
>
> When Mr. G.M. Bellanca chose, as president of Bellanca Aircraft Corporation (Delaware), to have his company adopt and use "Bellanca" as a trademark, he severed "BELLANCA" from the personality of himself and his family and made the mark subject to the common law principles and statutory provisions pertaining to all types of marks. [citations omitted].

Bellanca, 190 U.S.P.Q. at 162. This Court interprets *Bellanca* to mean that Mr. Bellanca lost his ownership rights in the trademark not only because he incorporated his company and allowed it to use the trademark, but also because he repeatedly "chose" to register the trademark to the corporation rather than himself. *Bellanca*, 190 U.S.P.Q. 162-163. Therefore, when Mr. Bellanca left his corporation, which was the registered owner of the trademark, he could not simply

"take" the trademark with him. Rather, the corporation would have to have assigned to him the right to use the Bellanca name. *Id.* In the present case, Lermer GmbH never owned the Lermer trademark and Willi Lermer did not retire from the company until 14 years after Lermer Corp. was incorporated. Moreover, Lermer *personally* applied for and received a trademark certificate of resignation for his family name.[4] Therefore, the Court concludes that the limited holding in *Bellanca* is inapplicable to the facts of the present case.

Another factor this Court has considered is the nature of the trademark. Unlike most of the cases cited by the parties, the present case involves a trademark which is the name of the individual asserting ownership. The Court is cognizant of the rule that the right to use one's own name is not absolute. *Caesars World, Inc. v. Caesar's Palace*, 490

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[4]The Certificate reads: "Willi Lermer (Fed. Rep. of Germany limited joint stock company)." There is no limited joint stock company titled "Willi Lermer" and the application clearly indicates that Willi Lermer in his individual capacity was the applicant. Therefore, the Court concludes that, in the absence of evidence to the contrary, the trademark was registered to Willi Lermer personally. The Court notes that the registration lapsed in 1986. Although Lermer obtained the certificate of registration, the Court takes no position at this time as to the certificate's ultimate validity.

F. Supp. 818, 826 (D.N.J. 1980).[5] However, Lermer's decision to designate his family name as the title of his corporation further reflects his close relationship with Lermer GmbH. Therefore, the Court concludes that, from the time Lermer GmbH first used the Lermer name in this country, Willi Lermer exhibited sufficient control over the corporation so that Lermer GmbH's use of the trademark inured to Willi Lermer's benefit, vesting in him the ownership rights of his family name.

III. Licensing

Willi Lermer acknowledges that he never gave either company a written license, but states that each corporation had a separate (presumably oral or implied) license, from him personally, to use the trademark. (Lermer Decl. at ¶¶ 36-37.) Plaintiffs argue that Lermer Corp. held an implied license from Lermer GmbH, not from Lermer personally. If plaintiffs are correct that Lermer GmbH was the licensor, then Lermer Germany would have acquired the right to revoke that license and to license the Lermer name to its subsidiary Lermer USA.

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[5]In their briefs and at oral argument, plaintiffs relied heavily on *Caesars World* as a basis for granting their motion and denying defendants' motion. However, the primary issue in *Caesars World* was likelihood of confusion, an issue to which the parties in the present case have stipulated. The narrow holding which is relevant to the instant case provides only that an individual does not have an absolute right to use one's name as a trade name or service mark. *Caesars World*, 490 F. Supp. at 826.

The record contains evidence which supports both plaintiffs' and defendants' positions. Lermer's deposition testimony advances defendants' claim that he personally granted the license to Lermer Corp. However, this is the only evidence defendants rely on. A reasonable jury could find Lermer's testimony not credible and conclude that the Lermer Corp. received an implied license from Lermer GmbH given the evidence that the two corporations shared an intimate relationship. Moreover, the scope of any license from Lermer to Lermer GmbH is unclear. Since Lermer GmbH originally used the Lermer name in the United States, one could conclude that Lermer GmbH's license was worldwide. The evidence in the record does not disclose that Lermer limited the license he granted to Lermer GmbH or that he revoked Lermer GmbH's right to use the name in this country. Therefore, the Court concludes that genuine issues of material fact remain regarding the source of Lermer Corp.'s license and the scope of Lermer GmbH's right to use the Lermer name. The Court will deny both motions for summary judgment.

IV. Preliminary Injunction

"[I]njunctive relief is an extraordinary remedy . . . which should be granted only in limited circumstances." *American Telephone and Telegraph Co. v. Winback and Conserve Program, Inc.*, 42 F.3d 1421, 1426-27 (3d Cir. 1994)(quoting *Frank's GMC Truck Center, Inc. v. General Motors Corp.*, 847 F.2d 100, 102 (3d Cir. 1988)(citations omitted)). This is especially true where a *preliminary* injunction is sought and the full evidentiary record has yet to be established. *Id.* When considering a request for a preliminary injunction, the court must consider whether the moving party has a reasonable probability of eventual success on the merits, and whether that party will be irreparably injured if relief is not granted. *Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d 187, 191-92 (3d Cir. 1990). The court should also take into account the public interest, as well as the possibility of irreparable harm to the opposing party if the injunction is issued. *Id.* The Third Circuit has held that injunctive relief is an appropriate remedy in trademark infringement cases. *See Birthright v. Birthright, Inc.*, 827 F. Supp. 1114 (D.N.J. 1993)(citing *Jaycees*, 639 F.2d at 142).

Both plaintiffs and defendants have presented compelling legal arguments and factual allegations which indicate ownership of the Lermer name. However, the Court has concluded that genuine issues of material fact exist precluding summary judgment.

These ambiguities prevent the Court from determining which party has a reasonable probability of success on the merits. Therefore, both applications for injunctive relief will be denied.

Conclusion

In light of the foregoing, the Court will deny both motions. An appropriate Order is filed herewith.

May 19 1995

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UNITED STATES DISTRICT COURT

DISTRICT OF NEW JERSEY

LERMER GERMANY GMBH and LERMER USA, INC.,	Civil No. 94-2856 (AET)
Plaintiffs,	
v.	ORDER
LERMER CORP., WILLI LERMER and ROLF SCHWYN,	
Defendants.	

For the reasons set forth in the Opinion filed herewith, it is on this 19 day of May 1995

ORDERED that both plaintiffs' and defendants' motions for partial summary judgment and for injunctive relief be and hereby are denied.

/s/
ANNE E. THOMPSON, CHIEF JUDGE

APPENDIX C – Order of the United States District Court for the District of New Jersey dated July 3, 1995

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UNITED STATES DISTRICT COURT

DISTRICT OF NEW JERSEY

LERMER GERMANY GMBH and LERMER USA, INC.,	Civil No. 94-2856 (AET)
Plaintiffs,	
v.	ORDER
LERMER CORP., WILLI LERMER and ROLF SCHWYN,	
Defendants.	

THOMPSON, Chief Judge

This matter is before the Court on plaintiffs' motion for reargument pursuant to General Rule 12I. A party seeking reargument must file his motion within "ten days after the entry of the order or judgment on the original motion by the Judge or

Magistrate." General Rule 12I. The movant may address only those matters of fact or issues of law which were presented to but not considered by the court. *Database America, Inc. v. Belsouth Advertising & Publishing Corp.*, 825 F. Supp. 1216, 1220 (D.N.J. 1993) and *SPIRG v. Monsanto Co.*, 727 F. Supp. 876, 878 (D.N.J.), *aff'd*, 891 F.2d 283 (3d Cir. 1989). Thus, matters may not be introduced for the first time on a reargument motion. *See, e.g., Florham Park Chevron, Inc. v. Chevron U.S.A., Inc.*, 680 F. Supp. 159, 162 (D.N.J. 1988). Further, under Rule 12(I), parties are not allowed to restate legal arguments or facts which the court has already considered. *Hakimoglu v. Trump Taj Mahal Associates*, 876 F. Supp. 625, 634 (D.N.J. 1994)(quoting *Carteret Savings Bank, F.A. v. Shushan*, 721 F. Supp. 705, 709 (D.N.J. 1989)); *see also Florham Park Chevron* at 163 (difference of opinion with the court's decision should be dealt with through the normal appellate process). The court will grant a motion for reargument if the movant establishes that the court overlooked matters or decisions that, if considered, "might reasonably have altered the result reached." *Starr v. JCI Data Processing, Inc.*, 767 F. Supp. 633, 635 (D.N.J. 1989).

In an Opinion dated May 19, 1995, this Court concluded that genuine issues of material fact remained with respect to the scope of the licensing agreement which defendant Willi Lermer granted to Lermer GmbH. The Court held that depending on the scope of this agreement, a jury could conclude that Lermer

Corporation's license to use the Lermer name came from either Lermer GmbH or Willi Lermer individually. Plaintiffs argue, however, that certain statements at paragraphs 8 and 12 of defendants' answer reveal that the scope of Lermer GmbH's license was worldwide and that therefore the source of Lermer Corporation's license must be Lermer GmbH not Willi Lermer.

The Court has again reviewed the language of those paragraphs and again concludes that genuine issues of material fact remain. Neither paragraph unequivocally indicates that Lermer GmbH held an *exclusive* license to use the Lermer name worldwide *at the time* Lermer Corporation was created. Both paragraphs refer to Lermer GmbH and Lermer Corporation collectively, without distinguishing between the licenses each held. Therefore, the Court concludes that plaintiffs' motion for reargument should be denied.

It is therefore on this 3rd day of July 1995

ORDERED that plaintiffs' motion for reargument be and hereby is denied.

/s/
ANNE E. THOMPSON, CHIEF JUDGE